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SUBJECT: PMDB Leader Ponders Party's Electoral Options

REF: (A) 05 Sao Paulo 1402; (B) Sao Paulo 1372

11. (U) Sensitive but Unclassified - protect accordingly.

12. (SBU) Summary: Federal Deputy Michel Temer, national president of the Brazilian Democratic Movement Party (PMDB), believes that public disillusion with President Lula and the Workers' Party (PT) provides an opportunity for the PMDB to field its own candidate in the 2006 presidential election. However, party divisions and the lack of a compelling choice as a candidate could force the PMDB into an alliance with Lula's PT or the opposition PSDB. If Lula's polling numbers do not improve before the PMDB primaries in March, Temer said his party might nominate its own candidate. This would still allow the party to forge an alliance with the PT or PSDB in a runoff, assuming that the PMDB candidate fails to make the second round. Given its centrist orientation, the PMDB may hold the balance of votes between the two opposing forces. It is also likely to remain a force at the local and state level. Temer believes it has a chance to win as many as 14 gubernatorial races. End Summary.

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With Allies Like This . . .  
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13. (SBU) Michel Temer, a Federal deputy from Sao Paulo who served as president of the Chamber of Deputies from 1997 through 2000, met January 9 with CG and poloffs to discuss the current political situation. Lula's election, he said, had raised great hope among the Brazilian people, but his performance in office has been disappointing. Temer criticized Lula's narrow vision and his excessive focus on social safety net programs that don't promote growth or economic development. The PT had campaigned on one program and, once in office, had done the opposite of what it promised, which Temer characterized as electoral fraud. Worse, some PT leaders had stolen state money, not for personal gain, but to expand the party's power, and had thus fomented a great deal of popular disillusion.

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PMDB Perceives an Opening  
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14. (SBU) This reality, Temer continued, opens an opportunity for the PMDB. The party currently holds nine statehouses and has the second-highest number of federal deputies (after the PT), along with a great many mayoralties and city council and state legislative seats. Polls show that voters are tired of both the PT and the main opposition party, the Brazilian Social Democratic Party (PSDB). For example, a recent poll showed former governor (and PMDB state chairman) Orestes Quercia leading in the race for Sao Paulo state governor.

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Divisions Dog the Party  
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15. (SBU) Asked why the PMDB remains so divided, Temer said the reasons were both historical and related to the nature of Brazilian political parties. The PMDB grew out of the Brazilian Democratic Movement (MDB) under the military dictatorship, which operated as an umbrella group for legitimate opposition to the military dictatorship. After the restoration of democracy, some members left the PMDB to form new parties (such as the PT and PSDB), but many of those who remained now act as power brokers at the local and regional level. Thus the PMDB has no real unifying national identity but rather an umbrella organization for regional "caciques" or bosses. Temer noted that the PMDB is not the only divided party. Although there are 28 political parties in Brazil, most of them do not represent an ideology or a particular line of political thinking that would support a national vision.

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PMDB Primaries Set for March  
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16. (SBU) Temer confirmed press reports that he is seeking to move the March 5 primary date to a date later in the month. (Note: March 31 is the deadline for executives and Ministers to resign their offices if they plan to run for public office. End Note.) There will be some 20,000 electors, he said, including all PMDB members who hold electoral office (federal and state deputies, governors, mayors, vice-governors and -mayors, and other elected municipal officials) as well as delegates chosen at state conventions.

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Lula's Numbers Will Drive PMDB Strategy  
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17. (SBU) If, between now and the primary, the Lula government's standing in the polls improves, it is still possible the PMDB will seek an electoral alliance with Lula and the PT, Temer said. If not, the PMDB will run its own candidate. So far, Rio de Janeiro ex-governor Anthony Garotinho has been working the hardest, reaching out to the whole country in search of support. But there is resistance to him from within the PMDB, in part due to his populist image, in part because there appears to be a ceiling to his support. Germano Rigotto, governor of Rio Grande do Sul (reftels) is a possible candidate, though he is still not well known outside the south. Nelson Jobim, a judge on the Supreme Federal Tribunal (STF) who has announced his intention to step down, is another possibility; however, he can't campaign until he leaves the Tribunal, and he may not have time to attract the support necessary to win the primary.

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PMDB's Fallback - PT or PSDB in Second Round  
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18. (SBU) Temer was confident that despite its current

division, the PMDB will unite for the election, whether in support of its own candidate or in alliance with another party. If it runs a candidate who fails to make it to the second round, the party will seek to negotiate an alliance with one of the two finalists. He noted that the PMDB had supported the government of PSDB former president Fernando Henrique Cardoso, and said there should be a "re-fusion" of the two parties into a permanent grand alliance. The PMDB would have no problem with either Sao Paulo Mayor Jose Serra or Sao Paulo state governor Geraldo Alckmin, who are competing for the PSDB nomination. In 2002, the PMDB supported Serra against Lula.

¶19. (SBU) Asked about the party's program, Temer indicated that the PMDB favors policies to support economic growth. It has no objection to the Free Trade Area of the Americas (FTAA). It would prefer to see Mercosul strengthened so as to negotiate FTAA as a bloc, but the trend appears to be moving the other way.

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Comment: PMDB As Power Broker?  
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¶10. (SBU) For now, the PMDB is keeping its options open. Though Temer didn't mention it, the party's leadership is waiting to see whether the "verticalizacao" rule will remain in force for the 2006 elections. This rule, decreed by a 2002 decision of the Supreme Electoral Tribunal (TSE), dictates that electoral alliances at the national level must be replicated in races for governors and federal deputies. The Senate passed a measure repealing the rule, and the lower chamber is expected to vote on it shortly, with prospects uncertain. There is also a legal challenge to the rule pending which the TSE will likely take up in February. The PMDB wants to know the rules of the game before deciding on possible alliances, since most observers believe that a

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PMDB presidential candidate would not fare well under the current system of "verticalizacao." Temer appeared open to the possibility of an alliance with either the PT or the PSDB, or to a stand-alone PMDB candidate. Given its centrist orientation, the PMDB may hold the balance of votes between Lula's PT and the opposition PSDB, and thus bears watching closely in the months ahead. End Comment.

¶11. (U) Biographic Note: Michel Miguel Elias Temer Lulia has served as federal deputy from Sao Paulo since 1987, except for a two-year period (1993-94) when he was Secretary for Public Security in the Sao Paulo state government. He studied at the University of Sao Paulo and earned a Doctorate in Law from the Catholic University of Sao Paulo. From 1984 through 1986 he was the state's Prosecutor General. He served as the PMDB's leader in the Camara de Deputados 1995-97 and as President of the Camara 1997-2000. He was national president of the PMDB 2001-03 and 2004-present.

¶12. (U) This cable was cleared/coordinated with Embassy Brasilia.

McMullen